



**September 2006**

# **Missouri Producer**

## **Missouri Farm Service Agency**

Parkade Center, Suite 225  
601 Business Loop 70 W  
Columbia, MO 65203  
[www.fsa.usda.gov/mo](http://www.fsa.usda.gov/mo)

### **Hours**

Monday - Friday  
8:00 a.m. - 4:30 p.m.

### **State Committee**

Don Fischer, Chairman  
Julie Hurst  
Craig Westfall  
Barbara Wilson  
Dan Jennings Jr.

### **Staff**

Tim Kelley, State Executive Director  
Patty Dick, Administration  
Dan Gieseke, Farm Loans  
Bo Wendleton, Compliance  
Gerald Hrdina, Conservation  
Maurine Long, Price Support  
Mike Lafolette, Production Flexibility

## **Final DCP Payments For 2006**

Enrolled producers can expect their final direct payment to be directly deposited into personal bank accounts in early October.

Producers who did not elect to receive an advance direct payment will receive their entire direct payment for the year in one lump sum after the end of the fiscal year (September 30).

The direct payment for a crop equals 85 percent of the farm's base acreage *times* (x) the farm's direct payment yield *times* (x) the direct payment rate.

## **2007 DCP Sign-up Starts Oct. 1**

Sign-up for the 2007 Direct and Counter-cyclical Program (DCP) begins on Oct. 1, 2006. The CCC-509, "Direct and Counter-cyclical Program Contract," includes base acres, payment acres, payment yields, producer payment shares, advance direct and counter-cyclical payment selections and signatures of the producer and county office representative.

The CCC-509 must be submitted by June 1, 2007, to be considered timely. All owners and operators who will share in the DCP payments on the farm must sign the CCC-509. Forms with signatures that are obtained after June 1, 2007, but before Sept. 30, 2007, will be accepted, but the farm will be assessed a late-file fee of **\$100**.

Farm producers must apply for DCP on an annual basis and can opt out of the program for any year if they so choose.

Producers must file the following to be eligible for DCP payments: annual DCP contract (CCC-509), a farm-operating plan (CCC-502 and related forms), an average adjusted gross income certification (CCC-526), a certification of compliance with highly erodible land and wetland conservation provisions (AD-1026).

A certification of the acreage of all cropland on the farm (FSA-578) is also needed before final payments can be issued.

## **Marketing Assistance Loan and LDP Program Changes**

There are changes to the marketing assistance loan (MAL) and loan deficiency payment (LDP) program which will affect the 2006 and subsequent crop years.

Some of the changes:

\* Beneficial interest provisions – In the past, loan program regulations did not

Dates to Remember	
Sept. 4	Labor Day Holiday. All FSA offices closed.
Sept. 30	Deadline for filing succession-in-interest.
Oct. 1	2007 DCP sign-up starts.
Oct. 9	Columbus Day Holiday. FSA offices closed.
Nov. 1	Sign-up for 2007 Tobacco Transition Payment
Continues	Continuous Conservation Reserve Program.
Continues	Farm Storage Facility Loans

state that a producer loses beneficial interest in a loan eligible commodity when the commodity is delivered to a dairy, feedlot, ethanol plant, feed mill, wool pool or other end-use facility. The regulations were amended to state that beneficial interest is lost when a loan eligible commodity is delivered to one of the previously mentioned facilities.

\*LDP rates for commodities stored or sold will be based on the county where the commodity is physically stored, marketed, sold or fed. In previous years, producers requesting an LDP on quantities where beneficial interest was lost were given the LDP rate based on the county rate where the farm records were administered.

### ***Open Storage LDPs***

For the 2006 and subsequent crop years, producers who deliver commodities to a CCC-approved, federally-, or state-licensed warehouse and place the commodity in open storage must be able to receive from the warehouse a negotiable warehouse receipt or other form of acceptable production evidence on which the warehouse has certified title and control remains with the producer.

Most Missouri licensed warehouses do not issue negotiable warehouse receipts, so producers will be required to provide load summary sheets or delivery records with the following statement from the warehouse:

“Title and control remain with the producer and a negotiable warehouse receipt can be issued to the producer for the quantity physically delivered to the warehouse.”

This statement must be on the summary sheets, signed and dated by the warehouseman, to be considered acceptable production evidence.

Producers who do not provide a negotiable warehouse receipt or acceptable production evidence at the time of the LDP request will receive a certified LDP, which will be subject to spot check.

### ***Payment Limitations***

USDA payments and benefits are subject to producer eligibility and limitation provisions as defined by law. Documents and forms to determine eligibility and limitation once completed are reviewed on an annual basis.

It is the producer’s responsibility to report changes in the farming operation that may affect payment eligibility and payment limitation.

The following limitations apply to Direct and Countercyclical Program payments for each contract year. For all covered commodities (except peanuts): \$40,000 for direct payments and \$65,000 for counter-cyclical payments. For peanuts: \$40,000 for direct payments and \$65,000 for counter-cyclical payments.

The Environmental Quality Incentive Program has a \$450,000 payment limitation.

The Conservation Reserve Program annual limit is \$50,000 per person.

<b>Selected Interest Rates for September 2006</b>	
90-Day Treasury Bill	5.00%
Farm Operating - Direct	5.625%
Farm Ownership - Direct	5.75%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	4.875%
Sugar Storage Facility	5.125%
Commodity Loans 1996-Present	6.125%

Entities such as corporations, limited partnerships, trusts and estates are required to provide names, addresses, and ID numbers of their members. These entities should also inform every payment under more than one entity.

**Adjusted Gross Income.** Effective through 2007, an individual or entity shall not be eligible for certain program benefits during a crop, program or fiscal year if the following apply.

- The three-year average of the adjusted gross income for the individual or entity exceeds \$2.5 million; **and**
- Less than 75 percent of the average AGI is derived from farming, ranching or forestry operations.

## ***County Committee Election***

Nominations for the county committee election were due in the county office by the close of business Aug. 1. The next step is the mailing out of the ballots, which will begin on Nov.4. Voters have until Dec. 5 to return their ballots to the county office.

Elected committee members and alternates take office on Jan. 1, 2006.

### **Prospective Voter Requirements**

If you're on the mailing list for this newsletter, the chances are you are an eligible voter.

Anyone who meets the requirements in 1 or 2, plus 3, below, is eligible to vote.

1. Be of legal voting age and participate or cooperate in any FSA program, or
2. Not of legal voting age, but supervises and conducts the farming operations on an entire farm.
3. Eligible to participate in any FSA program that is provided for by law, regardless of the status of funding.

### **Prohibited Discrimination**

No person shall be denied the right to vote because of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status.

Contact the county office staff if you have questions about voter eligibility.

## ***Farm Record Changes***

If you have bought, sold or are renting different land, make sure you report the changes to the staff at your local Farm Service Agency county office as soon as possible so farm records can be updated.

For farm ownership changes you will need to provide a recorded deed or recorded land contract. All landowners must furnish their tax ID numbers.

Remember, failure to maintain accurate records with FSA on all land you have 3

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an interest in can lead to possible program ineligibility and fines if you are participating in farm programs.

### ***Tobacco Buy-out Sign-up Deadline For 2007***

Quota holders and producers not currently enrolled in the Tobacco Transition Payment Program (TTPP) have until November 1, 2006, to sign-up in order to receive a 2007 TTPP payment.

Also, USDA reminds tobacco quota holders and producers that they have until November 1, 2006, to sell their remaining eight annual payments to a successor in order to receive a lump-sum payment. Certain requirements must be met to qualify for lump-sum payments. More information on lump-sum payments is available online at <http://www.fsa.usda.gov/tobacco/Default.htm> or by calling the National Tobacco Processing Center at 1-800-673-2331. Producers who do not complete this process by November can arrange for the sale of their remaining seven payments beginning Jan. 16, 2007.

### ***Farm Storage Facility Loans***

Low cost loans for storage facilities are available for producers to build or remodel farm storage facilities for a variety of commodities, including wheat, rice, soybeans and corn.

The seven-year Farm Storage Facility Loans are available for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities.

Eligible facilities include new conventional-type cribs or bins and new and remanufactured oxygen-limiting and other upright silo-type structures.

All farm storage facility loans are secured by a promissory note and security agreement. The maximum amount that may be borrowed is 85 percent of the net cost of the storage or handling equipment, up to \$100,000 for each borrower. A minimum down payment is also required. For details, contact the county office staff.

### ***NAP Deadline Approaching***

The Non-Insured Crop Disaster Assistance Program (NAP) deadline is fast approaching. NAP is designed to reduce financial losses that occur when natural disasters cause a catastrophic loss of production or prevented planting of an eligible crop by providing coverage equivalent to catastrophic, or "CAT," insurance.

September 30, 2006, is the final date for producers to apply for NAP coverage in Missouri on wheat and barley.

Producers who had coverage may choose to continue coverage on the same crops for next year, if the applicable service fee is submitted by the application closing

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date. A new form CCC-471, Application for Coverage, is not required to be signed when applying for continuous coverage of the same crops.

Producers who choose to add or delete a crop from the previous year's coverage or changing crop shares must file a new CCC-471, with signatures, and pay the applicable service fee.

Producers with NAP coverage are required to 1) file a Notice of Loss within 15 days of when a loss is apparent; 2) timely file acreage reports; and 3) keep track of harvested production using acceptable methods.

## ***Report Losses***

Producers: If you had any failed crop acres, give serious thought to report them before plowing under the evidence. If Congress authorizes a crop disaster program in the future, proof of failed acreage may be required for your participation.

Ensuring that failed acres are documented could be the determining factor in whether you are eligible for future crop disaster program payments.

If you are experiencing low crop yields, you should keep good production records, but you don't need to report this acreage right now.

The CCC-576, Notice of Loss, is used to report failed acreage and may be completed by any producer with an interest in the crop. For losses on crops covered by the Non-insured Crop Disaster Assistance Program (NAP), you must contact the FSA county office staff within 15 days of the occurrence of the disaster or when losses become apparent. Producers with crop insurance should contact their local agent when losses occur and before destroying the crop.

## ***Refund of Unearned CC Payments***

There is the potential that under current market prices producers who received advance counter-cyclical payments may be required to repay all or a portion of these payments.

Producers have two options to refund unearned advances:

***Refund Option 1:*** Commodity Credit Corporation will automatically reduce any Direct and Counter-cyclical Program payments you received, to satisfy your obligation to repay the unearned advance counter-cyclical payments. Scheduled payments you may have received during this period include final direct payment for the previous year, advance counter-cyclical payments, and advance direct payments. For this method you need not take any action—the Farm Service Agency Service Center will automatically take deductions from future DCP payments.

***Refund Option 2:*** This method follows procedures under the Debt Collection Improvement Act of 1996. Under this option you will be sent an initial notification letter following the end of each crop's marketing year that will inform you of the specific amount of the debt, followed by a first demand letter. At that time you may settle the debt by writing a check to CCC. Notify the county office staff if you wish to use refund option 2.